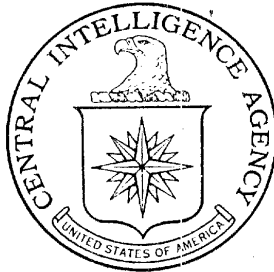


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4 August 1955

# CURRENT INTELLIGENCE WEEKLY SUMMARY



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T H E W E E K I N B R I E F

PART I

OF IMMEDIATE INTEREST

AMERICAN-CHINESE TALKS . . . . . Page 1

The Chinese Communists in the past week have given further evidence that they hope to arrange negotiations with the United States on major matters. The Communists have not specified what matters they wish to discuss. Chou En-lai implied in his foreign affairs speech of 30 July that they might raise such questions as the "extremely unjust policy of blockade and embargo," American military maneuvers and overflights in the China area, and foreign "subversive activities." [REDACTED]

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PART II

NOTES AND COMMENTS

Soviet Leaders Encourage High-Level Visits: Recent trips of Soviet leaders outside the Sino-Soviet bloc and plans for an unprecedented series of visits by non-Communist leaders to Moscow in the future are part of Moscow's program to exploit the present atmosphere of conciliation and to "humanize" the Soviet regime in the eyes of the world. The trips of high-ranking Soviet leaders to Belgrade and Geneva are scheduled to be followed by visits to India later this year and to Britain in early 1956. [REDACTED]

Page 1 25X1

Soviet Internal Propaganda Continues Conciliatory Toward US: The conciliatory attitude toward the United States which began to be emphasized in Soviet internal propaganda in early June has continued since the summit conference. The content of the propaganda suggests that this attitude will be maintained. [REDACTED]

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**Future Status of Soviet Troops in Hungary and Rumania:**

The entry into force of the Austrian state treaty and the forthcoming withdrawal of all Soviet troops from Austria will lead the USSR to re-examine the justification for keeping its forces in Hungary and Rumania. Hungarian and Rumanian leaders are reported to have been informed by Moscow that Soviet troops in their countries will be withdrawn by 1 October. There is no evidence yet, however, that the USSR is preparing to withdraw its 59,000 troops in Hungary and Rumania. Considerations involving the Warsaw pact, military factors, and the effect on the Satellites involved militate against such a step. [REDACTED] . . . . . Page 3

25X1

**USSR to Develop Gas Industry:** The Soviet Union has announced plans for expanding natural gas production fivefold by 1960, doubling coal gas production, and constructing thousands of miles of new distribution lines. The number of cities supplied by gas is to be increased by 132, and more than 250 large industrial enterprises and power stations are to be converted to gas. [REDACTED] . . . . . Page 4

25X1

**Stalemate in Laos:** The Laos government appears to have abandoned hope of reaching a settlement with the Pathet Lao, but is continuing the negotiations in order to probe Communist intentions and to please the Indians on the International Control Commission. Considerable controversy is foreseen between the commission and the government as a result of the government's uncompromising stand on the modification of election procedures. [REDACTED] . Page 5

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**Cambodia:**

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[REDACTED] In the campaign for the September elections, the forces of Prince Sihanouk are relying on intimidation to undermine the strength of their opponents. In case this does not seem sufficient to assure Sihanouk's forces a strong majority, the government may directly suppress opposition activities. [REDACTED] . Page 6

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**Philippines--Magsaysay-Recto Conflict:** The conflict between President Magsaysay and ultranationalist Senator Recto has been referred to the Nacionalista Party executive committee by party president Rodriguez. Prospects of a reconciliation appear to be remote as Magsaysay has openly committed himself to blocking Recto's renomination to the Senate at the party's convention some two weeks hence. He also is reported to be working toward Recto's expulsion from the party even at the risk of a party split. [REDACTED]

Page 6 25X1

**Indonesian Political Crisis:** Vice President Hatta, still hopeful of forming a cabinet before President Sukarno returns from Mecca on 5 August, has accepted as formateur Harahap, the Masjumi's parliamentary leader. The new formateur faces continued delaying tactics from the National Party which headed the Ali cabinet. [REDACTED]

Page 7

**Malaya:** Expected post-election demands for accelerated progress toward self-government in Malaya and Singapore have materialized. Both British and local officials, particularly in Malaya, appear initially to have adopted tolerant attitudes. [REDACTED]

Page 8 25X1

**Portuguese-Indian Relations Over Goa:** Portugal is increasingly disturbed over Indian claims to Goa as India is taking steps restricting diplomatic relations with Portugal. Political agitation is mounting in India for more energetic action against the Portuguese enclaves. However, mass demonstrations against Goa scheduled for 15 August, the anniversary of Indian independence, are unlikely to take a violent turn. [REDACTED]

Page 9

**Afghan-Pakistani Dispute:** No significant change has occurred in the deadlocked Afghan-Pakistani dispute, but the atmosphere in Kabul may have improved to a point where further mediation will produce results. [REDACTED]

Page 10

**Israeli National Elections:** The Mapai party of Ben-Gurion maintained its leadership in the Israeli elections, but the substantial support received by two extreme right and left parties indicates a protest against the relatively moderate policies of the Mapai. A reappraisal of foreign and economic policies by the new government--probably headed by Ben-Gurion--seems likely. Ben-Gurion may see the election trends as a call for more "vigorous" action. Nevertheless, moderate influences will continue to act as a brake on popular pressures for war. [REDACTED]

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**Egyptian Activities in the Southern Sudan:** Cairo is attempting to undermine Sudanese prime minister Azhari's pro-independence government. Egyptian efforts to stir up dissension among the primitive tribesmen of the southern Sudan are meeting with some success. [REDACTED] . . . . Page 13 25X1

**French North Africa:** Tension continues high in French Morocco, where disorders broke out during the religious celebrations over the past week end. In Algeria, the lull in terrorist activity was broken by an ambush of Foreign Legionnaires. The Arab-Asian bloc has requested the inclusion of both the Algerian and Moroccan issues on the agenda of the UN General Assembly, and has also informed the Security Council that Moroccan rioting is likely to endanger international peace and security. The French-Tunisian agreement is being debated in the French Council of the Republic. [REDACTED] . Page 14 25X1

**Tito's Position:** Tito's speech of 27 July and the recent improvement in Yugoslav-Soviet relations imply that the Yugoslav leaders are now sufficiently convinced of Soviet good intentions to permit them to accept closer relations with the Soviet bloc. They appear agreed, however, on having such relations on their own terms and without sacrificing their friendships with the West. [REDACTED] . Page 15 25X1

**Tito's Charges Against Satellite Leaders:** Tito's charges in his 27 July speech at Karlovac that Satellite leaders are "intriguing" against Yugoslavia may have serious repercussions in the Satellite Communist parties. The effect will probably be greatest in Hungary and Albania, the two Satellites where party discipline has deteriorated the most as a result of the encouragement given nationalistic tendencies by recent changes in Moscow's line. [REDACTED] Page 16 25X1

25X6 [REDACTED] [REDACTED] [REDACTED] 25X6  
[REDACTED] [REDACTED] . . Page 17 25X1

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Atomic Energy and European Integration: Proponents of a new effort toward European integration are encouraged over the prospects of establishing an atomic energy pool of the six Coal-Steel Community countries for industrial uses. They have indicated that the American attitude toward this plan may be of decisive importance both for the atomic energy pool and for integration as a whole. [REDACTED] . . . . . Page 18 25X1

Argentine Political Stalemate: The political stalemate in Argentina continues. [REDACTED] . . . . . Page 19 25X1

**PART III**

**PATTERNS AND PERSPECTIVES**

WESTERN EUROPEAN ECONOMIC PROGRESS AND CURRENCY CONVERTIBILITY. . . . . . Page 1

Western Europe, though in most respects economically stronger than ever before, has in recent months adopted a slower approach to convertibility of currencies than in the first half of 1954, when general economic improvement was less advanced. Procedures for inaugurating convertibility were agreed on at the OEEC Council meeting of 28-30 July but their implementation was indefinitely deferred.

[REDACTED]

MOSCOW REHABILITATES A DEPORTED MINORITY GROUP . . . . . Page 6

The restoration of minority rights to the Chechens, one of more than a half dozen Soviet ethnic minority groups deported en masse to Central Asia during World War II, is another attempt on the part of the Soviet government to undo one of the grosser discriminatory actions of Stalin's lifetime. [REDACTED]

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**PART I****OF IMMEDIATE INTEREST****AMERICAN-CHINESE TALKS**

The Chinese Communists in the past week have supplied evidence that they hope to arrange negotiations with the United States on major matters.

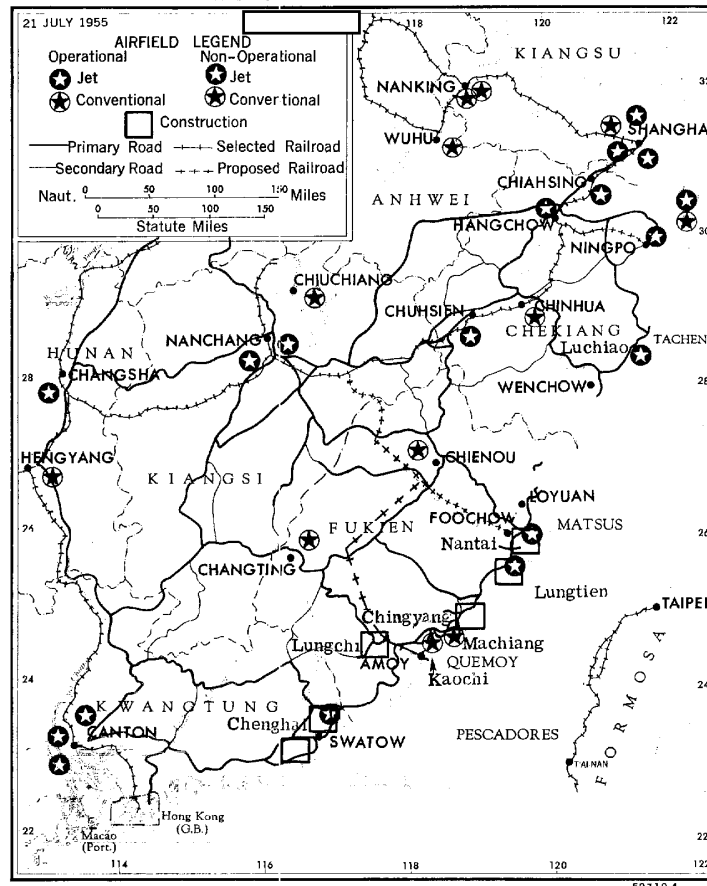
Chou En-lai stated in his foreign affairs speech on 30 July that Peiping will try to make the Geneva talks "pave the way" for further negotiations with Washington. Two days later the Chinese Communist Party's People's Daily called for "higher-level" meetings to follow the Geneva talks.

students in the United States would return to China if given financial aid and promised good treatment.

Peiping has not specified what matters it wishes to discuss under the second agenda item of "other practical matters at issue." Chou implied in his 30 July speech, however, that the Chinese Communists might raise such questions as the "extremely unjust policy of blockade and embargo," American

Chinese negotiator Wang Ping-nan at Geneva on 1 August expressed the hope that the release of the 11 American airmen would have "favorable effects" on the Geneva discussions, and that the talks themselves would contribute to the "easing of tension."

The Chinese are not expected to release any other Americans until they obtain a reply to their proposal that Washington and Peiping each entrust a third country with looking after the affairs of "its civilians," primarily the question of their "return." Wang Ping-nan on 2 August nominated India to act for China. Peiping apparently believes that many of the several thousand Chinese

**EAST CHINA AND FORMOSA**

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military maneuvers and overflights in the China area, and foreign "subversive activities."

Although his speech was generally conciliatory in tone, Chou again stated that the basic question in any negotiations with Washington on relaxing tensions would be the American "occupation" of Formosa and American "interference with the liberation" of Nationalist-held offshore islands. He also reaffirmed Peiping's long-standing position that there is no need for a cease-fire, that the United States should withdraw its forces from the China area, and that the "liberation" of Formosa is an "internal" affair to be settled if possible by negotiations between Peiping and the "local authorities" on Formosa.

Chinese Nationalist officials, meanwhile, have been showing distress over the current Geneva talks and especially over the possibility of a higher-level meeting between the United States and Communist China. Nationalist spokesmen have described the current talks as a

"grave mistake" and have expressed fears of a "sellout."

The only significant military development in the Formosa Straits area in the past week was the steady progress in construction work on the five major airfields now being completed along the East China coast. [REDACTED]

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[REDACTED] four of these fields --Chingyang, Lungchi, Nantai, and Lungtien--have had major POL storage facilities installed. Apparently the Chinese Communists intend to complete most or all of the permanent installations before occupying the fields with aircraft. [REDACTED]

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## PART II

NOTES AND COMMENTSSoviet Leaders  
Encourage High-Level Visits

Recent trips of Soviet leaders outside the Sino-Soviet bloc and plans for an unprecedented series of visits by non-Communist leaders to Moscow in the future are part of Moscow's program to exploit the present atmosphere of conciliation and to "humanize" the Soviet regime in the eyes of the world.

The visits of high-ranking Soviet leaders to Belgrade and Geneva are scheduled to be followed by visits to India later this year and to Britain in early 1956. There are indications that the Kremlin would like to schedule trips to other countries of South and Southeast Asia, the Near East, Western Europe, and North America.

The Soviet delegations to Belgrade and Geneva and Foreign Minister Molotov on his American trip in June made special efforts to establish a rapport with the general public in addition to their official contacts, and this type of approach will probably be continued.

On the forthcoming visits, the Soviet leaders may try to obtain agreement to joint statements of principles which would reiterate their general policies. The recent Nehru-Bulganin communiqué, for example, apparently was drafted by the Indians, but it admirably served Moscow's cause.

Soviet policy-makers probably expect to capitalize

especially on personal contacts with the leaders of the under-developed, "neutralist" areas where differences with Communism are less definite. Moscow considered Nehru's visit to the USSR as a crowning achievement in its policy toward the "neutralist" countries, and the Nehru-Bulganin communiqué has been played up as a blueprint for friendly relations between states.

In response to Nehru's invitation, Bulganin plans to visit India later this year. Burmese prime minister U Nu, who has accepted an invitation to visit the USSR in September, probably will ask Bulganin to come to Burma following his visit to India.

There have been press reports that Prime Minister Ali of Pakistan will be invited to the USSR. Moscow may also encourage an exchange of visits with the Afghan government in order to round out its coverage of South and Southeast Asia.

As for the Near East, Voroshilov has invited the Shah of Iran for a state visit, which might take place before the end of the year.

Bulganin and Khrushchev accepted the invitation of Prime Minister Eden at Geneva to come to Britain in early 1956. Other Western European countries might be included on the same

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or separate tours. The Soviet ambassador in Oslo asked the Norwegian premier several times during July to visit Moscow. France's Premier Faure and Foreign Minister Pinay are expected to accept invitations to Moscow.

Marshal Tito and Chancellor Adenauer will be among Moscow travelers this fall.

The Soviet leaders may also visit the United States. The subject was discussed at Geneva, but no formal invitations were issued by either side. Meanwhile, Foreign Min-

ister Lester Pearson of Canada plans to visit the USSR in October, and may possibly reciprocate with an invitation to the Soviet leaders. If it is accepted, the Soviet leaders will probably seek to combine their visit to Canada with one to the United States.

A Soviet journalist at Geneva said that Marshal Zhukov might come to the United States and added that Khrushchev, whom he described as a man of "infinite curiosity," would also like to come.

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Soviet Internal Propaganda  
Continues Conciliatory Toward US

The conciliatory attitude toward the United States that first appeared in Soviet internal propaganda in early June has continued since the summit conference. The content of the propaganda suggests that this attitude will be maintained.

The output appears to be carefully balanced so as to give proof of Moscow's good intentions and yet not suggest weakness or capitulation. It is also designed to counter any tendency toward relaxation of the effort to achieve domestic goals.

The Russian people are being prepared for a period of East-West negotiations by factual reports on American affairs, by the omission of invective, by emphasis on the success of the Geneva conference, and by hopeful predictions of further success in the forthcoming foreign ministers' discussions.

They are being given a more complete account of East-West developments but are often left to make their own evaluation. For example, the Soviet press

carried President Eisenhower's proposal for aerial inspection and an exchange of military blueprints with the USSR but did not comment on it.

The Soviet people are being told, however, that the summit talks, while a "great stride" forward, were still but a step toward ending the cold war, and that even this advance was due largely to Soviet initiatives. The people are being warned, moreover, that continued vigilance is imperative since "aggressive forces have not yet been smashed" but are "continuing to hatch their wily intrigues." The United States' "policy of strength" is still criticized and Moscow is offering rebuttals to Western speculation regarding sensitive Soviet issues.

Favorable reports on American domestic accomplishments are carried, at times with the evident intent of spurring the Soviet people to better production. A recent broadcast on railway progress, for instance, pointed out that only 10 percent of Soviet rail traffic is diesel-powered, compared to 85 percent in the

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United States. Demands are also reiterated that Soviet scientists

become better informed on foreign scientific advances. [REDACTED]

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**Future Status of Soviet Troops  
In Hungary and Rumania**

The entry into force of the Austrian state treaty and the withdrawal of the 35,000 Soviet troops in Austria--scheduled to be completed by 1 October--will lead the USSR to re-examine the justification for keeping its forces in Hungary and Rumania. [REDACTED]

[REDACTED] Hungarian and Rumanian leaders have already been informed by Moscow that Soviet troops in their countries will also be withdrawn by 1 October.

There is no evidence, yet, however, that the USSR is preparing to withdraw its 59,000 troops in Hungary and Rumania. Although an early withdrawal

would be a dramatic move, and probably a successful propaganda gesture, considerations involving the Warsaw pact, specific military factors, and the effect on the internal situations in the Satellites, particularly Hungary, would seem to militate against it.

Since the Austrian settlement removes the legal basis used for retaining Soviet troops in Hungary and Rumania, some Soviet statement concerning these troops is probably inevitable. Such an announcement may, however, merely proclaim the substitution of the Warsaw pact for the Austrian occupation as the legal basis for the continued presence of Soviet forces in Hungary and Rumania, as well as in East Germany and Poland.



Implementation of the Warsaw pact in this manner would increase the value of the pact as a bargaining point with the West; abandonment of the Warsaw pact, in return for Western concessions, would then involve an actual Soviet troop withdrawal. This would not, of course, prevent an earlier partial withdrawal for propaganda purposes.

The withdrawal of Soviet ground troops from Hungary and Rumania would not seriously weaken the USSR's strategic position. Evacuation of all Soviet fighter units from these areas, however,

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would leave 800 miles of Soviet border without air protection in advance positions except for that provided by the Satellite air forces. This consideration alone might prompt the USSR to use the Warsaw pact as the basis for retaining these units in Hungary and Rumania.

Withdrawal of Soviet forces would not in itself significantly weaken Communist control of the Hungarian and Rumanian regimes or affect the loyalty of these regimes to the Kremlin.

It would, however, involve a risk.

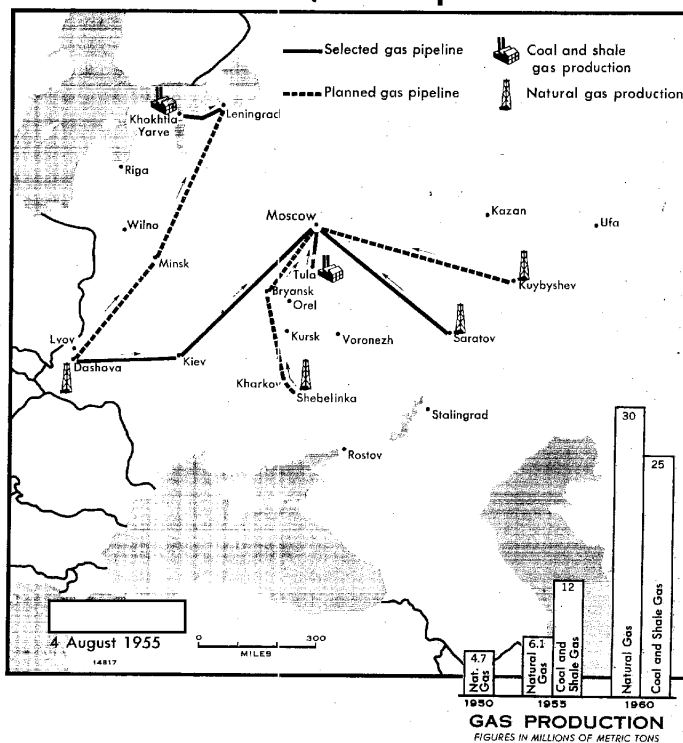
In Hungary, for example, the indigenous security troops are believed capable of handling any foreseeable civil disorders, but the overwhelmingly hostile population would probably seek to take advantage of the absence of Soviet military support to harass further a regime already plagued internally by factionalism and uncertainty.

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**USSR to Develop Gas Industry**

The Soviet Union has announced plans for expanding natural gas production five-fold by 1960, doubling coal gas production, and constructing many thousands of miles of new distribution lines. The number of cities supplied by gas is to be increased by 132, and more than 250 large industrial enterprises and power stations are to be converted to gas.

Until recently the Soviet Union had neglected the use of gas. The planned expansion will probably take advantage not only of the large reservoirs of natural gas already tapped, but also of the expansion of the coke industry and of the latest technology for underground gasification of coal.

**USSR - Gas Industry Development****SECRET**

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The savings achieved by using gas rather than coal and other types of fuel will, according to a recent article in Pravda, offset the nine-billion-ruble cost of expanding the gas industry during the Sixth Five-Year Plan.

The announcement of plans for expanding the gas industry followed earlier statements by Khrushchev and others on the need to increase the output of basic mineral fuels and electric power, sharp increases in

coal and petroleum production rates this year, and the appointment of the former minister of the petroleum industry to the chairmanship of the long-range planning commission.

These developments strongly suggest that the Sixth Five-Year Plan will be marked by a considerable effort to accelerate expansion of the total amount of energy available per worker. [REDACTED]

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25X1Stalemate in Laos

The Laotian government appears to have abandoned any hope of coming to a negotiated settlement with the Pathet Lao, and admits that it is continuing talks with the Pathets only to probe their intentions and to please the Indians on the International Control Commission.

The American embassy at Vientiane foresees considerable controversy between the commission and the government as a result of the government's uncompromising stand on the modification of election procedures.

The government has indicated that it plans to go ahead with the national elections now scheduled for December without the participation of the Pathet Lao. It maintains that the Pathets have forfeited the right to peaceful reintegration into the national community. Moreover, the government shows no inclination to abandon military positions it retains in the disputed provinces of Sam Neua and Phong Saly.

The Pathet Lao is in the position of being able to hold out for electoral reforms. Discussion of the next point on

the agenda for the political talks--the far more important question of the re-establishment of royal authority in the two disputed provinces--will presumably be delayed. Furthermore, if the government remains adamant on the electoral question, the Communists will be in a position--possibly with commission approval--to justify a boycott of the elections on the ground that they are "undemocratic." The Communists would be badly beaten in the elections.

[REDACTED] extreme oppression in the Communist-controlled areas of Sam Neua and Phong Saly. Excessive grain taxes, thinly veiled confiscation of property, and forced labor are among the familiar signs of Communist control reported in these areas.

No progress has been noted in the talks designed to stabilize the military situation in Sam Neua, and the American army attaché in Vientiane reports the resumption of small-scale Pathet attacks on isolated government outposts. [REDACTED]

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Cambodia

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Niyum (SRN), might not win a strong majority.

The Sihanouk forces are currently relying on intimidation to undermine the strength of their opponents. Although there are strong elements supporting the Democratic Party, the SRN's chief challenger, the course of the election campaign seems to favor Sihanouk's party.

Cambodian Communist elements are putting up their own slate in some 35 constituencies and their candidates have been sanctioned by the International Control Commission as bona fide and entitled to run. The Indian chairman of the commission has threatened to report a violation of the Geneva accords if the government in any way suppresses their campaigning.

As campaigning for the elections picks up, there have been no reports of overt government repression of opposition elements, and none is expected unless Sihanouk feels his party, the Sangkum Reastr

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Philippines --  
Magsaysay-Recto Conflict

The conflict between Philippine president Magsaysay and ultranationalist Senator Recto has been referred to the Nacionalista Party executive committee by party president Rodriguez. The prospects for a reconciliation, however, appear to be extremely poor.

The president has openly committed himself to blocking Recto's renomination to the Senate at the party's convention some two weeks hence. He

also is reported to be seeking Recto's expulsion from the party, even at the risk of a party split.

Magsaysay appears to have lost the support of influential Nacionalista Senator José Laurel and the latter's son, who is the speaker of the House of Representatives.

Senator Laurel has announced that he will personally renominate Recto for the Senate,

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charging that Magsaysay cannot "dictate" to the party. He is the only prominent Nacionalista thus far to express open support for Recto in his feud with the president, however, and other party leaders still hope to heal the rift.

Magsaysay is reportedly confident that he can destroy Recto and thereby weaken the "old-guard" forces which have been a constant thorn in the side of his administration. Numerous politicians and local officials, including several members of the Nacionalista executive committee, have been quick to indicate their support of the president. Their action is indicative of the importance attached to Magsaysay's grass-roots popularity, particularly in view of the local and senatorial elections scheduled for November.

It remains questionable, however, whether the president can actually bring the party hierarchy to act against so powerful a figure as Recto, especially in co-operation with Senator Laurel.

Magsaysay's prestige is deeply committed in this struggle and the outlook for his legislative program heavily depends on its outcome. If he can obtain Recto's expulsion from the Nacionalista Party--or at least prevent his inclusion on the party's senatorial slate--he will greatly enhance his political stature as well as remove a major impediment to his program. Failure to achieve a clear-cut victory over Recto, on the other hand, would seriously damage his prestige and encourage defiance in the legislature and among political opportunists.

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Indonesian Political Crisis

Efforts to form a new Indonesian cabinet went into the second round on 3 August when Vice President Hatta appointed Burhanuddin Harahap, the Masjumi's parliamentary leader, as the new cabinet formateur. The three formateurs appointed on 29 July had returned their mandate earlier in the day.

Faced with the delaying tactics of the National Party, which headed the Ali cabinet, Harahap has little hope of forming a cabinet before President Sukarno returns from Mecca on 5 August. Sukarno is expected to renew his maneuvers in favor of the National Party, thus further reducing prospects

of an early solution of the crisis.

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The Communist Party controls and can exploit the country's largest peasant organization--the Indonesian Farmers' Front--and its largest labor federation--the All-Indonesian Labor

Federation. Communist activities could seriously hamper production, trade and transportation and contribute further to Indonesia's already serious economic difficulties.

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Malaya

Expected postelection demands for accelerated progress toward self-government in Malaya and Singapore have materialized. Both British and local officials, particularly in Malaya, appear initially to have adopted tolerant attitudes.

Abdul Rahman, leader of the triple-party alliance which won a landslide victory in the Malayan elections on 27 July, has already demanded abolition of the British high commissioner's veto power within two years, and if possible within the next year. He has also proposed a special commission to study other constitutional reforms.

The high commissioner has replied that Lennox-Boyd, British secretary of state for colonies, who is now visiting the area, will discuss independence with Rahman and that "reasonable" proposals will be considered. He has stated, however, that demands for speeding up "Malayanization" of the civil service and for the hasty dismissal of British officials will not be met.

On the question of an amnesty for the Communists, Rahman has shifted to a more moderate stand than that taken in the heat of the election campaign. Now he states that an amnesty will be offered only at the "right time," and then only with the advice of "experts." He has named General Bourne, the British director of operations, as one such expert.

Rahman's statement referred in part to liberalized surrender terms for the terrorists, which the British are letting him announce in the near future.

In the separately administered colony of Singapore, Chief Minister David Marshall, who was elected in April, has apparently retracted a recent threat to resign unless his demand for immediate self-government was met. Lennox-Boyd refused his demand on 2 August and suggested that talks be held in London next year. Further discussions have been postponed until 18 August, and the Singapore Legislative Assembly has adjourned in protest until that time.

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Marshall is under pressure from a Communist-manipulated organization, the People's Action Party, and apparently feels that strong demands for self-government are necessary to preserve his popular support. British authorities, in turn, want to prevent Marshall's resignation since new elections

could increase the strength of the People's Action Party.

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Portuguese-Indian Relations  
Over Goa

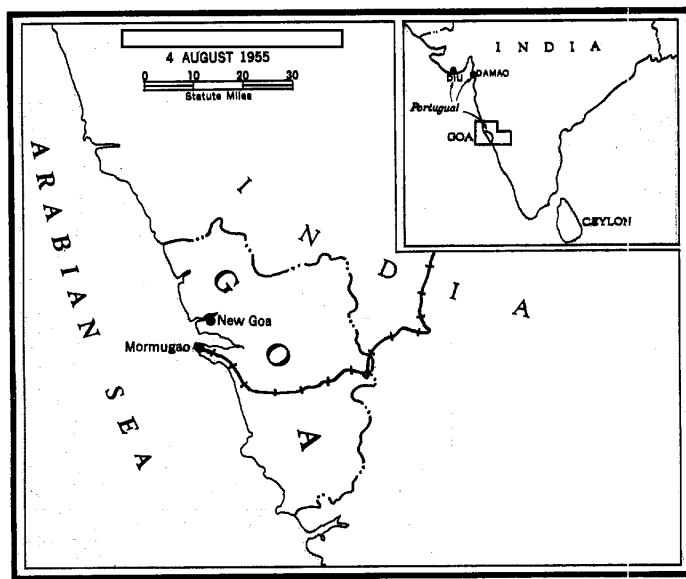
Lisbon is increasingly disturbed over Indian claims to Goa as a result of two recent statements from New Delhi further restricting diplomatic relations with Portugal.

Political agitation is mounting in India for more energetic action against the Portuguese enclaves and Nehru has reportedly asserted that these will inevitably become a part of India. The press reports that an Indian was killed on 2 August in a liberation march

into Goa. Continued and more frequent demonstrations of this kind could result in further shootings. It is unlikely, however, that Prime Minister Nehru will allow mass demonstrations against Goa on 15 August--the anniversary of Indian independence--to take a violent turn.

On 25 July the Indian government asked Lisbon to close its New Delhi legation by 8 August and suspended all rail traffic between India and Goa. Information relayed to press correspondents in New Delhi at the same time indicated that India would close its consulate in Goa on 4 August. India closed its legation in Lisbon in 1953.

New Delhi's moves, which may have been taken partly to placate extremist elements in India, probably do not foreshadow overt aggression against the Portuguese enclaves. Although Nehru is under mounting pressure to adopt a more energetic policy, he



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is anxious to maintain his role as peacemaker in the Formosa Straits and Indochina and cannot afford adverse world opinion because of Goa. Last year's demonstration, also planned for 15 August, was only a token march because of interference by Indian police. Both Nehru and his Congress Party have declared in recent days that India continues to seek a peaceful solution to the Goa problem and disapproves of "any action which would encourage a resort to violence."

Portugal, however, is apprehensive over persistent reports that Indian opposition parties will stage a liberation march of some 15,000 volunteers on Goa on 15 August. Portuguese premier Salazar informed Ambassador Bonbright on 16 July that any such demonstrations would be met with force if necessary, although he would make every effort not to furnish Nehru with "martyrs."

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Afghan-Pakistani Dispute

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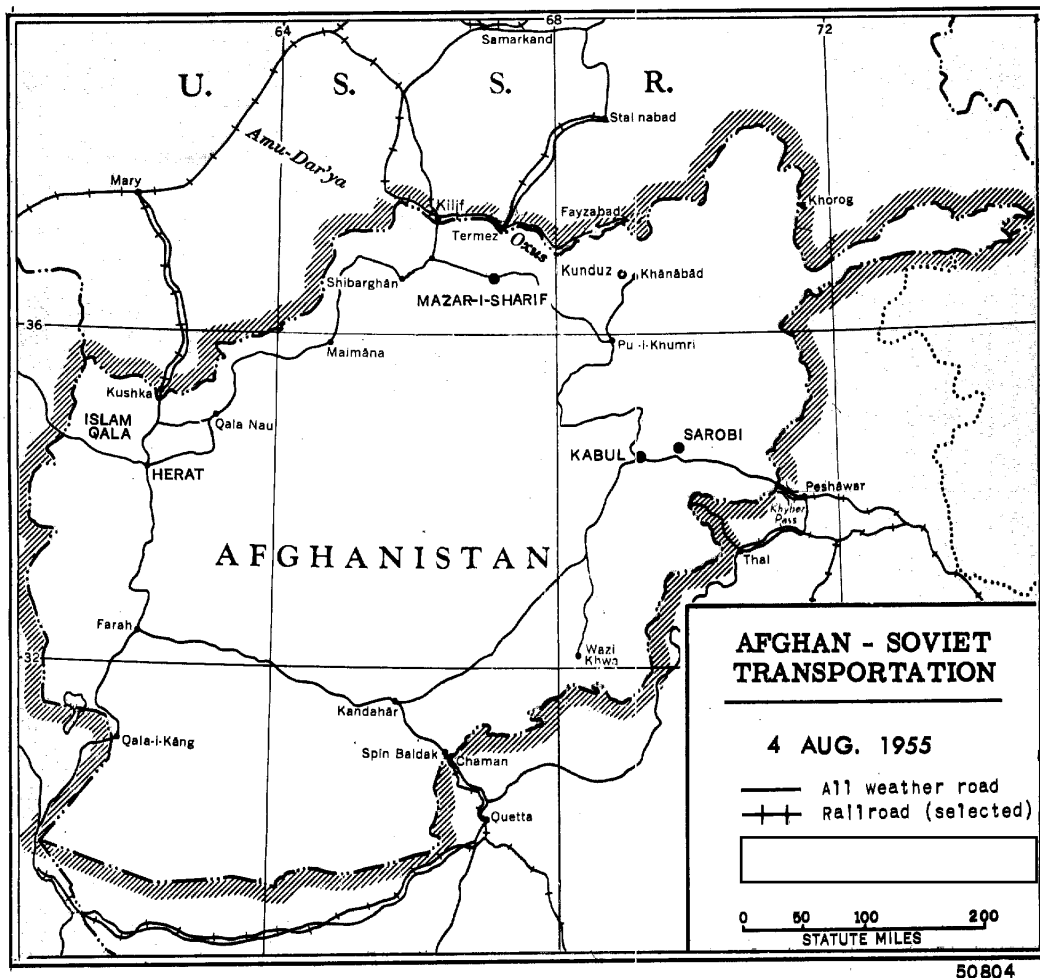
No significant change has occurred in the deadlocked Afghan-Pakistani quarrel, but the atmosphere in Kabul may have improved to a point where further mediation will produce results.

The Afghan demobilization order of 27 July confirmed the increasingly obvious fact that Prime Minister Daud could not hold indefinitely the conscripts he had raised four months earlier.

Daud's efforts to reroute Afghan trade to and through the Soviet Union have met with some success. The USSR has for the present become Afghanistan's main supplier of necessary imports. A shipment of Soviet aviation gasoline has already arrived at Mazar-i-Sharif and another is en route to Herat. An additional 180,000 gallons have been purchased for delivery within 30 days. Six hundred tons of Soviet cement have arrived at Sarobi, and similar amounts per month have been promised.

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Moscow probably regards its recent economic advances in Afghanistan as a valuable by-product of the dispute and has no desire to get directly involved.

Pakistan's devaluation of the rupee, with the consequent decrease in costs for goods manufactured in or transported through Pakistan, may add to the present heavy pressure on Daud to get the blockade lifted.

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**Israeli National Elections**

Israeli voters on 26 July gave substantial support to two extreme right and left parties which advocate the adoption of a tougher border policy toward

the Arab states. While the Mapai party of Ben-Gurion has maintained its leadership, reappraisal of foreign and economic policies may result from

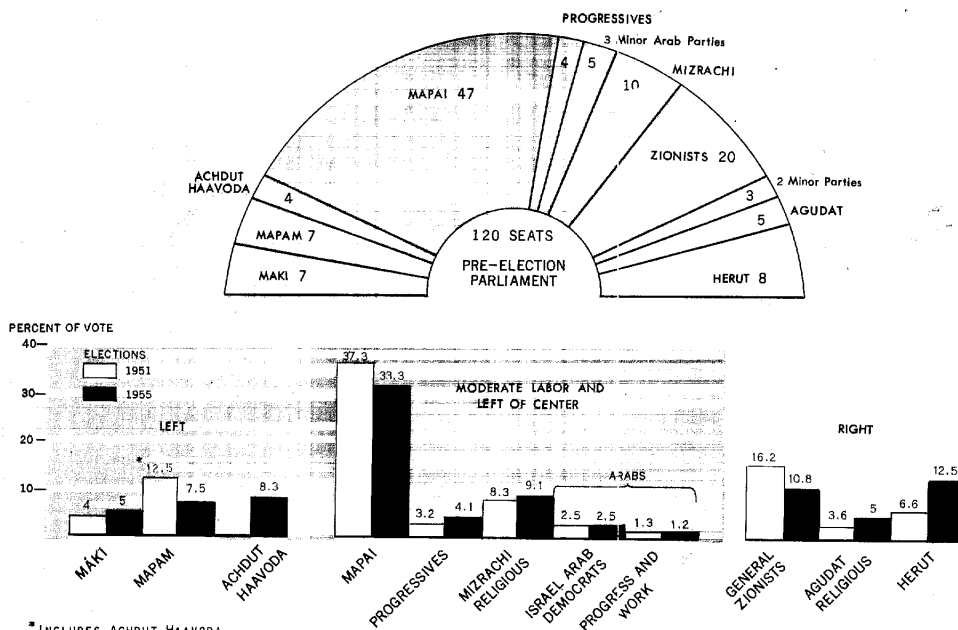
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the swing of votes to the "activist" parties and to the non-labor and religious groups.

Any future Arab border incursions may be met by stronger retaliation from Israel's armed forces and by more measures to protect border settlers. Nevertheless, moderate influences

The new prime minister will find it difficult to form a coalition from the leading parties. Since the vote indicated a "protest" against the relatively moderate policies of the Mapai and General Zionist parties, the latter, having lost between a third and a half of its strength,

**ISRAELI PARLIAMENTARY ELECTIONS**

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will continue to act as a brake on popular pressures for war.

The president of Israel will probably call on former prime minister Ben-Gurion to form a new coalition government around the Mapai labor party.

The extremist Herut (Freedom) party appears to have become the second strongest party in the country, receiving 12.5 percent of the vote compared to Mapai's 33.3 percent. It is unlikely, however, that Herut will become a member of the new administration as it is a traditional opponent of the labor parties.

may not be included in the government.

Ben-Gurion will probably negotiate first with the small moderate factions--the two religious fronts, the Progressives and the small Arab affiliates of the Mapai--but inclusion of one of the extreme right or left parties appears necessary to obtain a majority of the 120 seats in the Knesset.

The Achdut Haavoda (Unity of Labor) party, which recently broke away from the pro-Soviet Mapam party, is the most likely source of support for the Mapai. When Achdut Haavoda was formed

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a year ago by officers who have remained popular since the Palestine war, there was speculation that it might join the Mapai. Should the Achdut Haavoda participate in the government, as allegedly it is prepared to do, aggressive elements, particularly in the

Israeli defense forces, would receive additional support.

The central right-wing parties, on the other hand, which are moderate in their approach to border issues, would probably demand concessions on economic and labor matters which Mapai would be unlikely to grant.

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Egyptian Activities  
In the Southern Sudan

Egypt is apparently having some success in its attempts to stir up dissension among the primitive tribesmen of the southern Sudan. Cairo is trying to exploit traditional southern hatred and suspicion of the Moslem north in an effort to undermine Prime Minister Azhari's pro-independence government.

There is growing evidence that Egypt is concentrating its efforts on suborning the more naive southern politicians and on attempting to promote a separatist movement in the south to protest the Khartoum government's position on independence. A number of prominent southern deputies, including the president of the pro-independence Southern Liberal Party, have been making public statements in favor of union of the two countries.

Cairo is accompanying its intensive campaign against Sudanese independence with attacks on Azhari, accusing him of "deviating" from his former position in favor of union with

Egypt because of American and British influences.

The Sudan government announced on 27 July that four persons had been killed and ten injured in two days of rioting in the south. The disorders, which reportedly involved 1,000 persons, broke out following the conviction of Sudanese deputy Kuze and six others on charges of threatening to kill southern tribal chiefs who refused to support union with Egypt. Kuze, who formerly favored independence, is one of the southern deputies who recently adopted a strongly pro-Egyptian position. He is widely reported to have been "bought" by Cairo.

The long-standing conflict between the Moslem north and the largely pagan southern Sudan is a serious problem for the Khartoum government. Egyptian efforts to foment discontent in the south are likely to promote political instability in the Sudan and to have severe repercussions beyond the immediate question of Sudanese independence or union with Egypt.

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French North Africa

Tension continues high in French Morocco, where disorders broke out during the religious celebrations last week end. In Algeria, the lull in terrorist activity was broken by an ambush of Foreign Legionnaires.

The Arab-Asian bloc has requested the inclusion of both the Algerian and Moroccan issues on the agenda of the General Assembly, and has informed the Security Council that Moroccan rioting is likely to endanger international peace and security. The French-Tunisian agreements were approved by the French Council of the Republic.

Morocco: Nationalist demonstrations have occurred in the formerly conservative strongholds of Meknes, Moulay Idriss, and Marrakech. A prominent moderate nationalist has warned that the "crisis is at its paroxysm." American officials in Morocco anticipate that unless decisive concessions are soon made to stem the nationalist tide, widespread bloodshed is imminent and subsequent concessions may be scorned.

Resident General Grandval has told the American diplomatic agent in Tangier that he intends to complete his survey of the Moroccan situation by mid-August and to propose a solution to the pressing dynastic issue. Grandval said he envisages the replacement of Sultan Mohamed ben Arafa with a regency council, with the public approval of former sultan Mohamed ben Youssef. Immediately thereafter he expects to begin negotiations for the formation of a Moroccan government and the drafting of a constitution for a limited monarchy.

Grandval admitted that pressure against his program is

growing in Paris and Morocco and that Marshal Juin, a former resident general in Morocco, is one of the principal figures in this opposition. He believes, however, that El Glaoui is the real stumbling block.

Algeria: The lull in terrorism was broken with an ambush on 27 July which resulted in the death of more than 20 Foreign Legionnaires. Although Governor General Jacques Soustelle has expressed optimism over the Algerian security situation, there are no indications yet that resistance has subsided.

On 30 July the National Assembly approved the extension of the government's emergency powers until April. Other measures increasing the number of civil administrators and local magistrates courts and creating the new department of Bone were also approved.

The 14 UN members of the Arab-Asian bloc on 29 July formally requested the inscription of the Moroccan and Algerian questions on the agenda of the 10th General Assembly. The bloc also addressed a letter to the president of the UN Security Council declaring that the rioting in Morocco seemed "likely to endanger the maintenance of international peace and security," and expressing hope that the organization would "as a matter of urgency direct its resources to dealing with this grave situation."

Tunisia: The French-Tunisian agreements granting limited home-rule to the Tunisians were approved by the Council of the Republic on 3 August, by the overwhelming vote of 254 to 25.

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**Tito's Position**

Tito's speech and the recent improvement in Yugoslav-Soviet economic relations imply that the Yugoslav leaders are now sufficiently convinced of Soviet good intentions to permit them to accept closer relations with the Soviet bloc. They appear agreed, however, on having such relations on their own terms and without sacrificing their friendships with the West.

In discussing his country's struggle for peace and coexistence, Tito cited India, Burma, and Egypt as his cofighters. Regarding the Balkan pact, he stated flatly that its military significance is now secondary and will disappear completely when NATO and the Warsaw pact are disbanded. He also went further than any other Yugoslav official has in the past in stating that he was deeply convinced "no war danger threatens Yugoslavia from the Soviet Union."

Tito's speech expressed great confidence in Soviet sincerity, and this confidence was apparently the root of his firmness on the subject of military aid. He said in effect that further aid would be acceptable on his terms or not at all.

Tito indicated a continuing desire for economic help, but said this too must be free of "outside interference."

The announcement on 30 July of the supplementary agreement to expand this year's Yugoslav-Soviet trade by 60 percent over the level planned last winter indicates that Belgrade is attempting to solve at least part of its critical foreign exchange problem by increasing trade with the East in order to conserve scarce Western exchange. If Tito negotiates supplementary agreements with the Eastern European Satellites,

scheduled Yugoslav trade with the East may again reach within the next few months the pre-war level of about one quarter of total trade.

Cultural and political exchanges between Yugoslavia and the Soviet bloc are also increasing. A Yugoslav parliamentary delegation headed by Vladimir Bakaric, the top Communist in Croatia, left for Moscow on 1 August.

The delegation, which includes several regional party officials, will have an opportunity to meet Soviet provincial party leaders, thus furthering the party contacts called for in a Pravda editorial of 16 July. In an interview made public on 2 August, Tito in effect answered this Soviet bid, saying that "just as we co-operate with progressive parties and movements in various parts of the world, so too shall we co-operate with them (the Soviet party) when problems of common interest are concerned."

The Yugoslavs appear confident that in their "exchanges of socialist experience" they will be able to modify various elements in Soviet Communism.

The Pravda editorial, following and probably reflecting Khrushchev's report to the central Committee, went the furthest yet in approving Yugoslav Communism. It said that "adherence to the necessary Socialist foreign and domestic policy" was "of great importance to the further development of Yugoslavia along the road to socialism." This quasi-approval may create additional pressures from Yugoslav Communist ranks for further orientation toward the East. Yugoslav leaders appear confident, however, that they can control their party's course of independence.

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Tito's Charges  
Against Satellite Leaders

Tito's charges in a 27 July speech at Karlovac that Satellite leaders are "intriguing" against Yugoslavia and arresting men who favor friendship and co-operation with Yugoslavia may have serious repercussions in the Satellite Communist parties. The effect will probably be greatest in Hungary and possibly Albania, the two Satellites where party discipline has deteriorated the most as a result of the encouragement given nationalistic tendencies by recent changes in Moscow's line.

Tito's accusations may have been intended to test the sincerity of the Soviet leaders' reported promise to him at Brioni that there would be changes in Soviet policy toward the Satellites. The summary of Tito's speech published by Moscow on 29 July cut the section criticizing recent developments in the Satellites to a brief statement that "certain neighboring Eastern countries still have people who are not pleased with the normalization of relations." It omitted Tito's specific reference to Hungary. This version of the speech has been published in Rumania, Bulgaria, and Albania.

This cautious treatment reflects the Kremlin's concern over the Satellite parties' reaction to Moscow's new line toward Yugoslavia. Some Satellite leaders who have been ardent anti-Titoists find it difficult now to adjust to the policy shifts. The Soviet approaches to Yugoslavia have probably encouraged many party members to push for more domestic concessions than the leaders are prepared to grant.

Tito's criticism was aimed particularly at Hungary, where the leadership under Matyas Rakosi has been forced to resort to harsh tactics to maintain discipline among party members, who are confused and even alarmed by recent developments in Soviet policy.

There are indications that party dissension surrounding the dismissal of Premier Nagy in April is continuing and that the Rakosi faction has been forced to endorse more radical policies than it would have otherwise chosen. The party is reported now in the process of purging not only "nationalists" but all members who question any party policies whatever. Tito's remarks will probably intensify the internal party struggle and may weaken Rakosi's position.

There are strong indications that dissension is growing in the Albanian party. Recent editorials in the party newspaper have condemned "bourgeois nationalism." The various shake-ups in the regime during recent months were possibly directed at excessively pro-Tito attitudes. These moves strongly suggest that entrenched party leaders consider it necessary to administer a stern warning to elements who wish to reach a reconciliation with Tito even at the sacrifice of party discipline.

In Poland there have been signs of a weakening of party discipline and subsequent warnings to "nationalist" Communist sympathizers. Party leaders as well as rank-and-file members reportedly greeted the Belgrade parley with great satisfaction,

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considering it a sign that they no longer needed to fear punishment for past expressions of nationalist sentiments. There are indications that the Polish people generally feel freer to display nationalist sentiments. In a move to warn against such potentially disruptive forces, the regime recently staged trials implicating various

former "nationalist" leaders in treasonable activities.

Tito's charges will probably intensify the difficulties of Satellite leaders who are trying to gain better co-operation from party members and to overcome apathy by means of liberalized policies without a breakdown of party discipline.

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Atomic Energy  
And European Integration

The prospect that concrete plans for a European atomic energy pool may eventually emerge from current discussions among the six European Coal-Steel Community countries and Britain is the major factor in a new wave of optimism among the advocates of European integration. These "pro-Europeans" believe the establishment of such a pool would be a decisive contribution toward their goal of European federation.

The discussions among CSC and British representatives, which began in Brussels on 9 July, are intended to give substance to the general proposals for new steps toward European integration outlined in June by the foreign ministers of the CSC countries. Major interest thus far, however, has centered on the proposals for an atomic energy agency advanced by the French, West Germans, and Belgians.

American co-operation in establishing a European atomic pool is being sought in two respects. In the first place, it is hoped the United States would make available to the pool technical information which was recently offered to individual nations.

In the second place, French representatives have indicated

that one condition for their acceptance of the new pool would be that Belgium contribute that portion of its Congo uranium not allocated under the American-Belgian agreement. Under this agreement, unallocated uranium is to be processed in the United States for resale to Belgium for use in a power reactor to be constructed by the United States.

Thus Belgium is in a strong position to influence the course and outcome of the atomic pool discussions. The government, and Foreign Minister Spaak in particular, are evidently aware of this, and according to American observers in Brussels, are not interested in an atomic pool alone, but in "larger European integration."

It is not yet clear how effective this "atomic lever" will be. French motives in participating in the discussions are uncertain, and the capacity of the French government to make basic decisions on integration is still limited.

Nevertheless, the negotiations have gone well so far, and the "pro-Europeans" have been particularly encouraged by the display of French-West German co-operation.   
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**Argentine Political Stalemate**

The political stalemate in Argentina continues.

In outlining the Radical Party's reply to Peron's conciliatory overtures of 5 and 15 July, party leader Frondizi emphasized that lifting the "state of internal warfare" was the first of several far-reaching measures the government must take before the Radicals, the major opposition party, would consider "pacification."

The law imposing the state of internal warfare has still not been repealed, despite Peron's half-promise on 15 July that this would be done.

Opposition agitation has evidently led the government to believe that any new freedom would be used in attempts to undermine it.

Peron and high army officials are aware that there is still serious discontent among the armed forces, but they are reported slightly more confident over the situation. Continuing negotiations among the armed forces are indicated by the lack of government publicity on the navy and on the sentences to be accorded military men convicted of participation in the 16 June revolt.

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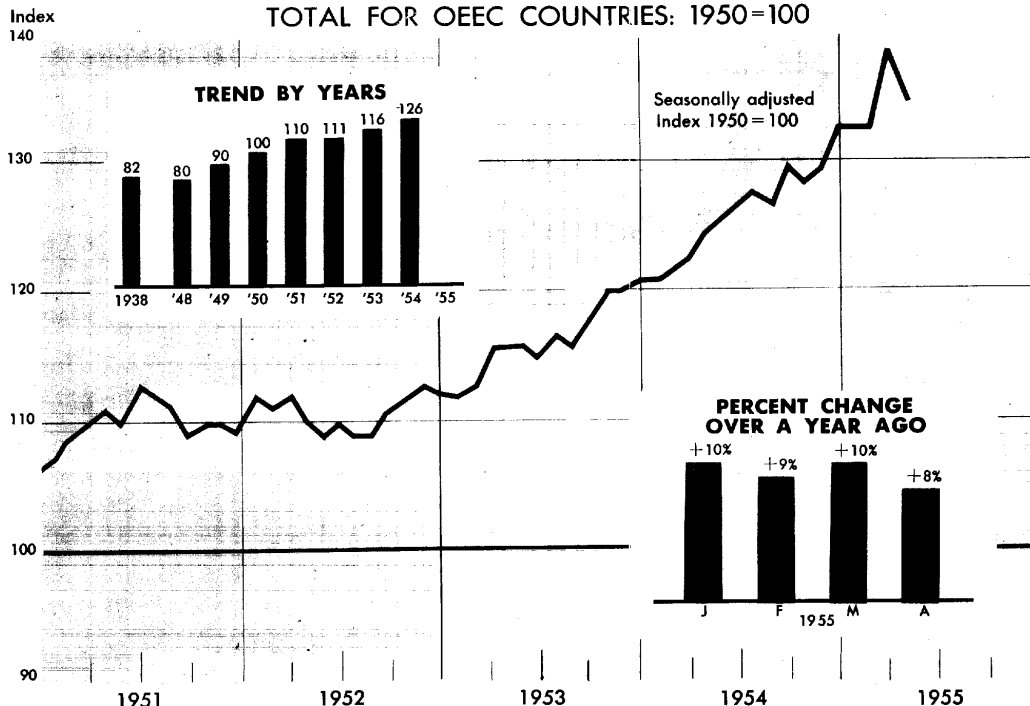
With most Marshall Plan recovery goals considerably surpassed and with the 1954 boom continuing in 1955, Western Europe is in most ways economically stronger than before World War II. The confidence in its economic future has been greatly strengthened by progressive rises in key economic indicators since mid-1953, despite the American downtrend of that year and 1954, and the persistence over the past three years of a generally stable price level. Strengthened confidence in American economic trends and trade policies has encouraged most Western European nations to promote sound internal conditions and to prepare for the restoration of a healthy system of international trade and payments.

Europe has, however, shown less urgency about achieving

general convertibility of currencies than it did in 1954. Agreement was reached in the 28-30 July meeting of the OEEC Council on the rules to be observed when several member nations make their currencies convertible, but their implementation was indefinitely deferred. The British, who must lead the way, intimated that the pound would become convertible soon after the general elections. However, continued balance of payments difficulties prevented the government from acting and will probably continue to do so for the remainder of this year. France also hesitates to move to convertibility because of fear that it could not be maintained once the economy had been exposed to American competition.

**EUROPEAN INDUSTRIAL PRODUCTION**

TOTAL FOR OEEC COUNTRIES: 1950=100



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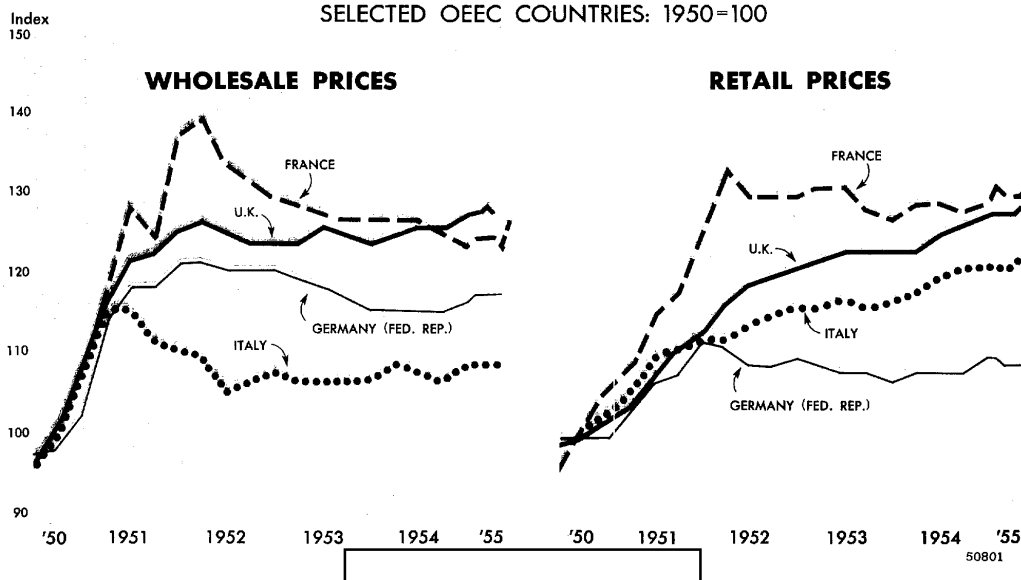
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## EUROPEAN PRICES

SELECTED OEEC COUNTRIES: 1950=100

Economic Improvement 1953-55

In April of this year industrial production in the 17 member nations of the Organization for European Economic Co-operation (OEEC) was up 8 percent over 1954 and 65 percent above prewar. During 1954, all of the more industrialized nations expanded their output. Industrial production rose about 11 percent in West Germany and 10 percent in Italy. Particularly noteworthy were increases in France and Belgium of about 9 percent and 7 percent respectively, following two years without gains.

The current upsurge can be attributed primarily to the housing boom and to a strong demand for automobiles and other durable consumer goods. More than 1.7 million dwellings were completed in 1954, a 20-percent increase over 1953. Production of 2.5 million motor vehicles was over 20 percent above 1953 and about two-and-one-half times prewar output. In fact the boom demand for automobiles, motorcycles, television sets, washing

machines, and electrical appliances stimulated investment to the point where several countries have curtailed credit to prevent excessive use of resources in this type of production.

Generally stable internal prices between mid-1952 and mid-1953 demonstrated that inflation-generating postwar shortages were over. Confidence in currencies revived, credit terms were eased, and from mid-1953 onward orders came in at an increasing rate in most Western European countries. Growing supplies and flexible monetary policies helped to hold prices down, encouraging savings, investment, and expansion of production.

These favorable internal developments greatly improved the Western European countries' foreign trade and balance of payments position. With more goods available for export at competitive prices, intra-European trade grew by 27 percent from the end of 1951 through 1954. During the same three years, declining dependence

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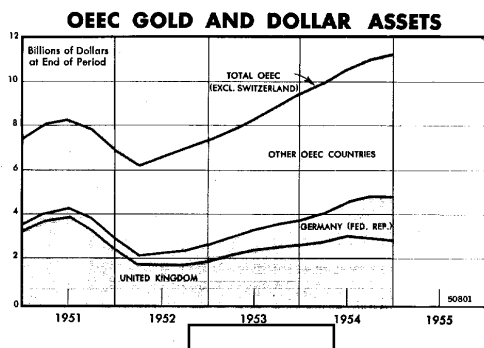
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on the United States for basic supplies such as wheat and petroleum, as well as increased exports to the dollar area, enabled Western Europe to reduce its dollar trade deficit from \$2.14 billion to \$648 million in 1953. The deficit increased, however, in 1954 to \$1.43 billion as a result of reduced American purchases in the downturned years and expanded dollar buying by the European countries. Nevertheless, gold and dollar reserves increased in the three-year period by \$3.9 billion to \$11.2 billion.

#### Currency Convertibility: British Approach

In joining the OEEC in 1948, Western European countries committed themselves to a progressive removal of quantitative restrictions on imports in order to prepare for currency convertibility. Most of them, as participants in the International Monetary Fund (IMF) and the General Agreement on Tariffs and Trade (GATT), are further obligated to prepare to abandon import quotas for protection of balances of payments when these organizations announce the end of the transitional postwar phase in which this practice is allowed. The United Kingdom has a primary interest in any general move to convertible currencies because approximately 40 percent of the world's total international trade is transacted in sterling.



During the first half of 1954, Britain's actions strongly suggested that it contemplated adoption of convertibility by the spring of 1955. Convertibility was indefinitely deferred, however, in the latter half of 1954. Chancellor of the Exchequer Butler contended at the September meeting of the IMF that it was necessary to go further in creating conditions essential for the success of a general move to convertibility, including a more liberal American trade policy to permit the earning of sufficient dollars to support it. Convertibility would probably follow soon after the British general elections.

Official reluctance to make the pound freely convertible with the dollar was reinforced by a decline of \$255 million in Britain's gold and dollar holdings during the latter half of 1954, compared with a gain of \$499 million in the first half. The poorer showing was partially attributable to a tendency for sterling area exports to decline in the autumn, as well as to the fact that Britain made large dollar repayments to the IMF, creditors in the European Payments Union (EPU), and to the United States and Canada.

In the latter half of 1954, furthermore, full employment, growing wage demands, and expanded credit had led to some inflation in Britain. Higher prices for exports and some absorption of imports normally obtained domestically had weakened the country's competitive position, and there was a rise in both volume and average price of imports, at a time when the volume of exports was declining. Toward the end of 1954, the pound sterling weakened from \$2.79 to \$2.72.

In January Chancellor Butler informed the OEEC Council of Ministers that Britain's balance of payments position

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delayed in France. Industrial production actually declined slightly in 1953 but increased by 8 percent in 1954, which was in many respects a very successful year. Exports increased considerably and gold and dollar reserves rose by \$483 million--despite repayment on foreign debts of \$300 million--to approximately \$1.5 billion.

In spite of this improvement, France continues to lag in the general move toward convertibility. With continual prodding, France has moved from 18 percent liberalization of European imports in early 1954 to 65 percent in November and to 75 percent in April 1955.

France justifies its hesitancy officially by citing the fact that gold and dollar reserves are still only half as large as prewar, and by referring to the lingering effects of inflation which place its prices at 10 to 15 percent above the world-price level. Unofficially, however it admits that production methods have not been brought up to date in important sectors of the economy and that there is great fear among many French producers that they could not withstand competition of American products if quantitative import restrictions were removed as a step toward convertibility.

The French government, with a view to general elections next spring, is moving slowly and cautiously in the field of monetary and commercial policy and has accordingly spearheaded the "go slow" element in the OEEC technical preparations for the advent of convertibility.

Current Plans for Convertibility

The special OEEC ministerial group on convertibility, set up in May 1954, recommended in January 1955, and the Council agreed, that a European fund to grant short-term credits should be

established and the OEEC trade liberalization rules continued whenever several member countries become convertible and the EPU goes out of existence. Technicians of the organization were charged with working out the procedures under which these recommendations would be put into effect. They soon encountered an impasse between representatives of the United Kingdom on the one hand and several continental countries led by France on the other.

London sought to restore and expand the role of the pound as the normal means of international settlement with consequent enlarged sterling holdings by central banks. The British therefore viewed with dismay French-inspired plans for a post-convertibility system of balancing payments on a nonsterling basis. Britain was also determined to protect its foreign exchange reserves with a flexible exchange rate for the pound.

The French, however, supported by most continental member countries, insisted that continuation in some form of the EPU's multilateral balancing of payments arrangement was necessary to avoid an otherwise possible reversion to bilateralism under the stress of convertibility. They feared that convertible countries might discriminate in trade against those which remained inconvertible, forcing the latter to adopt protective bilateral agreements and thus sacrificing the progress made in freeing trade and payments.

Continental countries also strongly opposed any program for convertibility based on a floating rate for the pound. They anticipated that if the pound were allowed to depreciate by as much as 6 percent, for example, their own currencies might conceivably appreciate by a like amount. The resulting

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spread, they feared, would give the British an intolerable advantage in world export markets.

After a period of haggling, the British agreed to accept a multilateral payments arrangement for a limited period following convertibility but with no automatic credits as are provided in the EPU. A further British compromise on exchange rate policy resolved the deadlock. Britain agreed to notify European central banks periodically of reasonable margins within which it proposed to let sterling fluctuate during an ensuing period and gave assurance that the pound would not be deliberately depreciated to aid British exporters.

These compromises on issues of monetary and trade practice under convertibility cleared the way for signature on 29 July by the OEEC Council of a new European Monetary Agreement (EMA) and renewal of the EPU

until 30 June 1956 unless it is superseded before then by the advent of full convertibility. The impetus toward convertibility is maintained in the terms of EPU's renewal, which require debtors to pay 75 percent of their debts in gold and receive only 25 percent credit, rather than settling on a 50-50 basis as in the past.

The EPU itself will go out of existence and the European Fund will come into operation whenever member countries having half of the total volume of OEEC-country trade and payments elect to go convertible.

The machinery for achieving convertibility is thus ready to go into operation at any time. It is unlikely to do so in 1955, however, both because of present British balance of payments difficulties and of basic French reluctance.

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**MOSCOW REHABILITATES A DEPORTED MINORITY GROUP**

The restoration of minority rights to the Chechens, one of more than a half dozen Soviet ethnic minority groups deported en masse to Central Asia during World War II, suggests another attempt on the part of the Soviet government to undo one of the grosser discriminatory actions of Stalin's lifetime.

The other Soviet minorities which were deported to Central Asia include the Volga-Germans, Crimean Tartars, Kalmyks, Karachai, Ingush and Balkars. All of them had been accused of collaborating with the Germans. Their national territorial units were liquidated and their people

deprived of the rights guaranteed a minority in good standing.

Now, after more than ten years of official silence as to their existence, the Chechens have suddenly re-emerged on the Soviet scene. A May issue of the official Kazakhstan paper carried an advertisement offering for subscription a daily republic paper to be printed in the Chechen language. The first issue appeared on the stands in early July. The reinstatement of the Chechen language in effect restores to this people a modicum of national identity and removes them from

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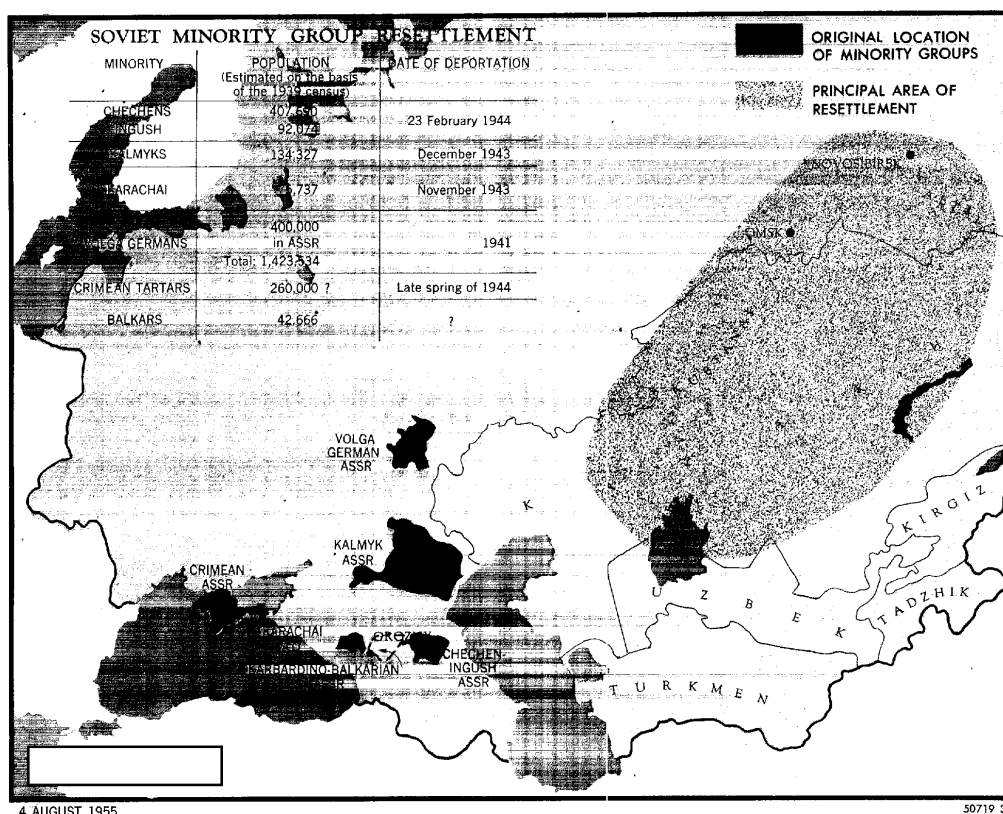
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the list of suppressed Soviet minorities.

The present measure opens the way for similar recognition of the other "outlawed" peoples. It is unlikely, however, that their original national autonomous regions will be restored, for in most cases they inhabited areas where Russian

**History of Deportations**

The first deportation action was taken against the Volga-Germans in 1941, with the others following during the winter of 1943 and spring of 1944. In all, over 2,000,000 people are estimated to have been deported. Of this number, the Volga-Germans made



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predominance was particularly desired, such as the Crimea and the important Grozny oil fields. It is also unlikely that new national units will be established for them in Central Asia. The new paper is to be published throughout Kazakhstan, indicating that the Chechens are not concentrated in a small area which could easily be converted into an autonomous region.

up the largest single group, comprising 1,423,534 persons. All of the 400,000 who resided in the Volga-German ASSR are known to have been resettled. The remainder, a considerable part of whom are also believed to have been removed, lived in 17 national districts in various RSFSR and Ukrainian oblasts.

The next group in size, the Chechens, was the largest

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minority group in the mountains of the North Caucasus. Numbering approximately 400,000 and traditionally one of the strongest opponents of Great Russian expansionism, they shared an autonomous republic with the small Ingush tribe which was deported along with the Chechens. The smallest tribe, the Balkars, like the Ingush, shared an autonomous republic in the North Caucasian area. Little is known of their fate other than that their name was dropped from the combined name of the republic in 1944 and the small corner of the republic which they occupied subsequently was transferred to Georgia.

In taking the drastic step of uprooting whole nationalities, Moscow claimed in the case of the Volga-Germans, who were resettled in 1941, to be acting in accordance with the demands of national security. In the case of the others, whose deportation followed the retreat of the Germans from their territory and the return of the Soviet army, Moscow said it was meting out just punishment for collaboration with the Germans.

With characteristic Stalinist thoroughness, the deportation decrees were applied to all members of the nationalities concerned. Party members and government officials were pulled out of their jobs. Those serving in the armed forces and even in the NKVD were demobilized and likewise deported.

New Settlements

There is only scattered information on where these people were resettled and the treatment they have received since then. In general it appears that they were resettled in the Central Asian republics, mainly in Kazakhstan. This area was probably chosen because it was the closest well-guarded interior area, and because it

suffered from underpopulation. Several reports have tended to establish that the Chechens and Ingush were originally resettled on collective farms, primarily in four oblasts in North Kazakhstan. The Karachai are said to have been sent to either the Kazakh or Kirgiz republic and the Kalmyks to an undefined area in Central Asia.

Specific locals of resettlement were officially announced only in the case of the Volga-Germans. The original deportation decree specified three regions: Novosibirsk, Omsk, and Altai Krai. However, many reports since then contend that the bulk of the Volga-Germans were actually sent to Kazakhstan.

There are no reports of what happened to the Balkars and Crimean Tartars. They may have been sent to the same general area.

The deported people were generally settled on collective farms or put to work in mines. Originally they were not allowed to move outside of the oblast in which they were settled.

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Similar restrictions on Volga-Germans were reported as late as 1952. It appears, however, that exceptions were made in the case of individuals who possessed skills vital to the needs of the state. Several Volga-German scientists are known to have been released from settlements in Kazakhstan to teach physics at the Mining Institute in Sverdlovsk.

Sometime after 1952 the travel restrictions were

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apparently relaxed. American embassy personnel who toured Central Asia in the fall of 1954 met a group of Chechens on their way to Frunze who told them that the Chechens could move freely throughout the Central Asian republics. They claimed that their children were free to go anywhere in the USSR. Furthermore, they viewed with great optimism the possibility that at some time in the near future they too would be permitted to return to their former homes.

The reason the Chechens have been singled out from among the various banned minorities for recognition is not wholly clear. A partial explanation may be that the Volga-Germans, though the most numerous, are more widely scattered than the Chechens and better integrated with the local populations. The other deported ethnic groups are smaller than either the Volga-Germans or the Chechens and in some cases their numbers may have been decimated by the rigors of life and an inability to adapt to a new country.

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